Government of Saskatchewan

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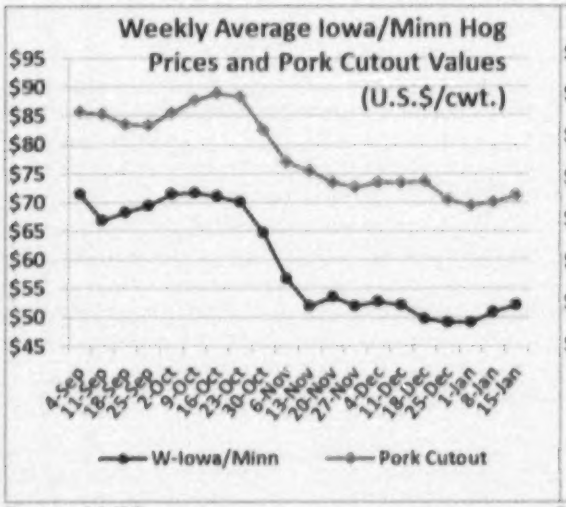
Weekly Hog Report

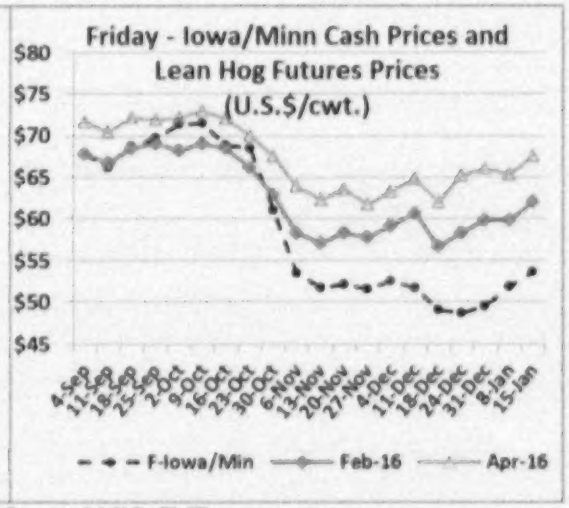
January 18, 2016

Cash Slaughter Weight Hog Prices

United States daily average cash hog prices (Iowa/Minn) edged higher last week to end Friday higher, week-over-week. Hog prices on Friday January 15 averaged US$53.62 per cwt, up US$1.81 per cwt or 3.5 per cent from US$51.81 per cwt the previous Friday. The negotiated base price last week averaged US$52.19 per cwt, up US$1.23 per cwt or 2.4 per cent from US$50.96 per cwt the previous week.



Source: LMIC



Source: LMIC, CME

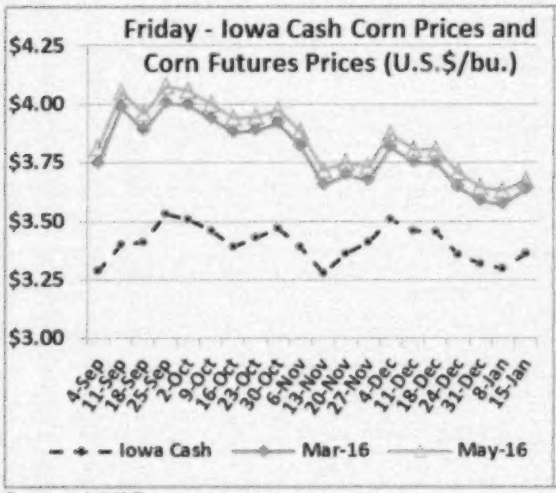
In Canada, the Signature#3 (Maple Leaf) Index 100 daily price for Friday January 15, 2016 was $138.18 per ckg, up $8.15 per ckg or 6.3 per cent from $130.03 per ckg the previous week ending Friday January 8, 2016. Signature#3 weekly prices (Friday to Thursday) averaged $136.35 per ckg, up $6.61 per ckg or 5.1 per cent from the previous weeks' average price of $129.74 per ckg. The Canadian dollar continued lower last week closing Friday at 68.82 cents, down 1.86 cents from 70.68 cents the previous Friday.

Futures Markets

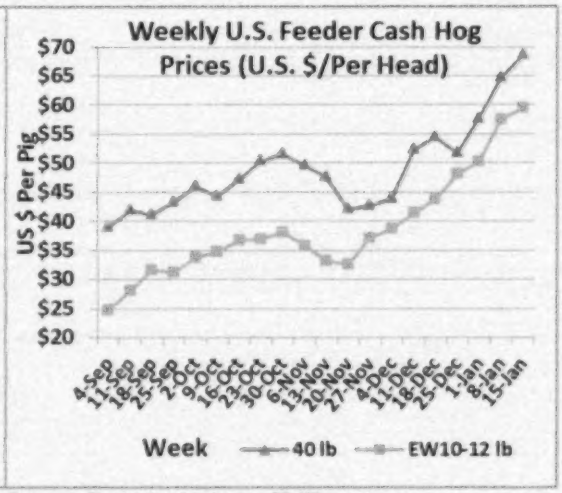
United States Lean hog futures daily prices were relatively stable last week with daily prices primarily higher most days over the week to move higher, week-over-week. The nearby February 2016 contract last week increased US$2.175 per cwt to settle Friday at US$62.025 per cwt, while the April 2016 contract increased US$2.225 per cwt to settle Friday at US$67.450 per cwt.

Cash Feeder Hog Prices

North American (Iowa) iso-wean (10-12lb) cash hog prices and feeder (40lb) cash hog prices were again higher last week. Weighted average cash prices for iso-weans (12lb) last week were US$59.42 per head, up US$1.88 per head from US$57.54 per head the previous week. Feeders (40lb) were US$68.57 per head, up $3.95 per head from US$64.62 per head, the previous week.



Source: LMIC



Source: Iowa Agriculture, CME

U.S. Iowa cash corn prices moved higher last week increasing six cents to settle Friday at US$3.36 per bushel. U.S. daily corn futures prices were mixed last week with about a five cent decline on Monday followed by noticeable price increases on Tuesday and Friday ending last week higher, week-over week. The March 2016 contract increased over six cents last week to settle Friday at $3.63¼ per bushel, while the May 2016 corn contract increased almost five cents to settle Friday at US$3.67½ per bushel.

Hogs Slaughtered

U.S. hogs slaughtered under federal inspection for the week ending January 16 were estimated 2.300 million head, down 2.9 per cent from 2.369 million head the previous week, but up 2.5 per cent from 2.244 million head the same week a year ago. U.S. hogs slaughtered over the last four weeks ending January 16 averaged 2.101 million head per week, up 3.5 per cent from 2.030 million head over the same period a year ago.

In Canada, federal and provincial hog slaughter numbers for the week ending January 9, 2016 were estimated at 455,651 head, up from 286,727 head the previous shorter week, and up from 301,828 head the same week a year ago.

In Western Canada, hogs slaughtered over the week ending January 9, 2016 were estimated at 191,290 head, up from 136,433 head the previous shorter week, and up from 151,155 head the same week a year ago.

Meat Production

U.S. pork production for the week ending January 16, 2016 was estimated at 489.8 million lb., down 2.8 per cent from 504.0 million lb. the previous week, but up 1.2 per cent from 484.1 million lb. the same week a year ago. Pork production over the last four week's ending January 16 was estimated to average 447.6 million lb., up 2.3 per cent from 437.7 million lb. over the same four week period a year ago.

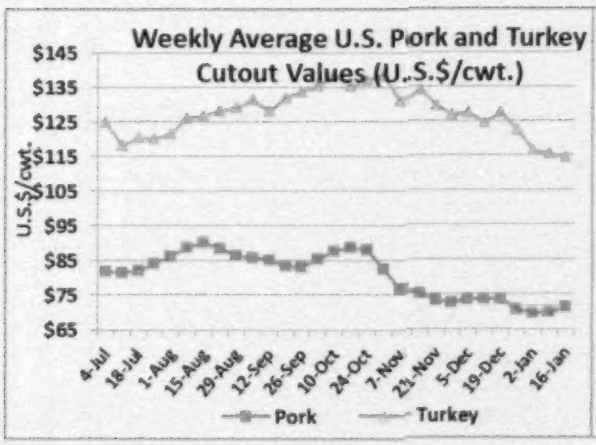
U.S. beef production for the week ending January 16 was estimated at 474.7 million lb., up 3.2 per cent from 460.0 million lb. the previous week, and up 6.3 per cent from 446.5 million lb. the same week a year ago.

Cutout Values

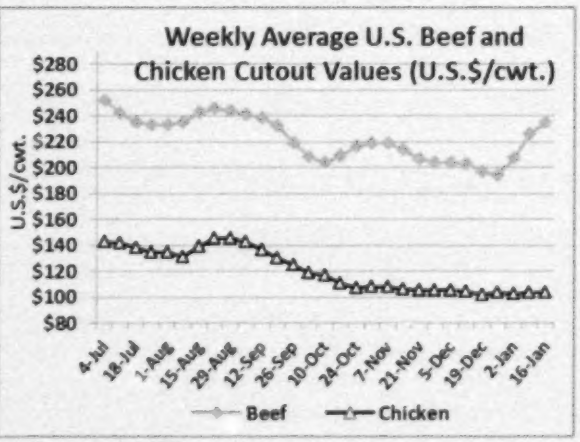
U.S. pork cutout values for the week ending January 16, 2016 averaged US$71.26 per cwt, up US$1.32 per cwt from US$69.94 per cwt the previous week, but down 15.1 per cent from US$83.95 per cwt from the same week a year ago.

Choice beef cutout prices (600-900 lb.) for the week ending January 16, 2016 averaged US$234.67 per cwt, up US$8.43 per cwt or 3.7 per cent from US$226.24 per cwt the previous week, but down 10.3 per cent from US$261.51 per cwt the same week a year ago. Beef prices have rebounded strongly over the last few weeks.

Average chicken cutout values (breast) for the week ending January 16, 2016 averaged US$103.28 per cwt, down 0.3 per cent from US$103.54 per cwt the previous week, and down 20.9 per cent from US$130.64 per cwt the same week a year ago.



Source: LMIC



Source: LMIC

USDA World Agricultural Supply and Demand Estimates (WASDE)
On January 12, the USDA released the January World Agricultural Supply and Demand Estimates (WASDE).

The January USDA WASDE report revised the 2015 United States Red Meat and Poultry production estimates to 94.632 billion lb., a slight decrease from the December estimates, but still a 2.7 per cent increase from 2014 production. United States meat production numbers for 2015 increased for pork (+7.2%) and broilers (+4.0%), but declined for turkeys (-2.5%) and beef (-2.3%), from 2014. Beef production estimates for 2015 were slightly increased from December with higher than expected cattle slaughter numbers. However, lower than expected cattle numbers placed on feed in late 2015 could reduce beef production increases for 2016. Pork production estimates were reduced slightly for 2015 from December with lower than expected hog slaughter numbers.

United States meat production for 2016 is projected to increase 2.8 per cent from 2015 to 97.304 billion lb., a slight increase from the December estimates. Leading the way in meat production increases in 2016 (by percent) are projected to come from turkey (+7.3%) and beef (+3.8%), followed by broilers (+2.2%) and pork (+1.9%).
(Source: USDA WASDE)

USDA January World Agricultural Supply and Demand Estimates

		Million Pounds				Total Red Meat
	Quarter	Beef	Pork	Broiler	Turkey	& Poultry
2013	**Annual**	**25,720**	**23,187**	**37,830**	**5,806**	**93,333**
2014	**Annual**	**24,252**	**22,843**	**38,550**	**5,756**	**92,171**
2015	Dec. Proj.	23,665	24,528	40,185	5,590	94,716
2015	**Jan. Proj.**	**23,700**	**24,488**	**40,085**	**5,610**	**94,632**
% Chg.	Dec.- Jan.16	0.15%	-0.16%	-0.25%	0.36%	**-0.09%**
% Chg.	**2014-2015**	**-2.28%**	**7.20%**	**3.98%**	**-2.54%**	**2.67%**
2016	**Jan. Proj.**	**24,605**	**24,960**	**40,950**	**6,020**	**97,304**
% Chg.	**2015-2016**	**3.82%**	**1.93%**	**2.16%**	**7.31%**	**2.82%**

Source: USDA January WASDE Report, January 12, 2016

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